REMARKS/ARGUMENTS

Claims 1-51 are pending in the application. Claims 42, 43, 44, 50, and 51 stand rejected as indefinite; and claims 1-51 stand rejected as obvious under 35 U.S.C. § 103. The rejection is respectfully traversed and reconsideration is requested. The references asserted do not teach or suggest the claimed invention.

Claim Amendments

The amendment of independent method claim 1 and independent system claim 35 proposes that a first account record is received electronically by a database from one of the internal portfolio tracking system of the fund manager and the custody network of the custodian, that a second account record is received by the database from the other of the internal portfolio tracking system of the fund manager and the custody network of the custodian, and that the respective account records are compared by a computer application according to predefined matching rules for one or more account data items selected from a group consisting of account number, security identification, units, unit cost, total cost, unit price, and total market value to identify matched and unmatched account records. The amendment of claims 1 and 35 proposes further that if unmatched account records are identified in the comparison, the computer application generates a report of the comparison identifying the unmatched account records accessible for display by the fund manager and the custodian, allows a manual match of the unmatched account records on the database by either the fund manager or the custodian, and stores an historical record of the manual match accessible by either one. See, e.g., Appln. p. 15, line 10-p. 19, line 8.

Claims 5-7, 9, 22, 24, 25, 27-29, 36-38, 40, 44, 45, 47, and 48 are canceled, and claims 8, 10, 11, 17, 26, 30, 31, 39, 41-43, 46, and 49-51 are amended to address editorial issues resulting from the amendment of claims 1 and 35 and to correct the dependency of claim 50.

Support for the foregoing amendment is found throughout the specification and in the claims as detailed above. Accordingly, no new matter has been added.

Claim Rejections - 35 U.S.C. § 112

Dependent claims 42, 43, 50, and 51 stand rejected for failure to correctly specify the claim on which they depend. The foregoing amendment cancels claims 42 and 43 and corrects the dependency of claim 50 to independent claim 35.

Claim Rejections - 35 U.S.C. § 103

Claims 1, 11-20, 22, 27-35, 42-44, 47, 50 and 51 stand rejected as unpatentable over Dunn et al. (U.S. Patent No. 5,134,564) in view of Hawkins et al. (U.S. Patent No. 6,247,000); claims 2-10, 24-26, 36-41, 45, 46, 48 and 49 stand rejected as unpatentable over Dunn et al. in view of Hawkins et al. and Harris et al. (U.S. Patent No. 5,517,406); and claims 21 and 23 stand rejected as unpatentable over Dunn et al. in view of Hawkins et al. and Josephson (U.S. Patent No. 5,689,579).

The Examiner considers that Dunn et al. teach every element of independent claims 1 and 35 except allowing a manual match of the unmatched accounts, if unmatched account records are identified in a comparison of account records according to pre-defined matching rules, which the examiner considers to be taught by Hawkins et al.

It is respectfully submitted that Dunn et al. and/or Hawkins et al. do not disclose or suggest Applicants' claimed method and system for reconciliation of fund manager and custodian account records either separately or in combination with one another. It is true that Dunn et al. disclose a matching system. However, the matching system of Dunn et al. reconciles monthly bank account statements with a customer's check register, the identifying elements of which include check numbers, dates, amounts, payees, and payors. Dunn, et al. focus on assigning threshold values of probability of correspondence of those identifying elements from the customer's check records to determine match scores for pairing up a corresponding statement provided by the bank to enable the customer to correct its records or notify the bank of an error on the bank statement. See, e.g., Col. 4, lines 19-26; and Col. 6, line 41- Col. 7, line 4; and Col. 8, lines 4-11. Dunn et al., teach a system for reconciling a

bank account statement rather than a system and method for reconciling fund manager and custodian accounts according to the applicants' claimed invention

According to Dunn et al., instead of receiving account records electronically from an internal portfolio tracking system of a fund manager and a custody network of a custodian according to the applicants' claimed invention, a bank statement is received by the customer from the bank on a floppy disk in the mail or over a modem line for comparison with the customer's own check records. Further, according to Dunn et al. the account data items that are involved in the comparison include check numbers, dates, amounts, payees, and payors of checks, rather than account number, security identification, units, unit cost, total cost, unit price, and total market value, according to the applicants' claimed invention. In addition, instead of allowing a manual match of the unmatched account records on the database by either the fund manager or the custodian and storing an historical record of the manual match accessible by either one according to the applicants' claimed invention, Dunn et al. simply allows the customer to correct its records or notify the bank of an error on the bank statement.

While Hawkins et al. also disclose a matching system, Hawkins et al. do not remedy the deficiencies of Dunn et al. Rather than comparing fund manager and custodian account records received electronically from an internal portfolio tracking system of a fund manager and a custody network of a custodian according to the applicants' claimed invention, Hawkins et al. is used in direct broker to broker trading to match an originating broker's order with an executing broker's confirmation and to generate and route a settlement instruction to a clearing agent. See, e.g., Col. 7, lines 51-59. Hawkins et al. focus on matching the originating broker's order with its standing delivery instructions and storing the order. When an executing broker logs in and fulfills the order and sends a confirmation message, the confirmation is matched with the broker's original order, and if the confirmation does not match the order, the originating broker is simply allowed to visually compare and manually match the order to the confirmation. See, e.g., Col. 8, line 48-Col. 9, line 63. However, Hawkins et al. do not teach allowing a manual match of the unmatched fund

11

manager and custodian account records on a database by either the fund manager or the custodian and storing an historical record of the manual match accessible by either one according to the applicants' claimed invention.

Harris et al. do not cure the deficiencies of Dunn et al. and/or Hawkins et al. On the contrary, instead of receiving account records electronically from an internal portfolio tracking system of a fund manager and a custody network of a custodian according to the applicants' claimed invention, Hawkins et al. relate to an automated 401k trade processing system that interfaces omnibus customer trade transactions from a record keeping system to a transfer agent which executes the customer trade transactions, and in the event of an unexecuted trade, transmits a mismatch file reporting discrepancies to the record keeper for reconciliation. See, e.g., Col. 1, lines 26-33; Col. 3, lines 52-54; and Col. 7, line 13-Col. 9, line 18. Further, rather than comparing fund manager and custodian account data items, such as account number, security identification, units, unit cost, total cost, unit price, and total market value according to the applicants' claimed invention, the mismatch file according to Harris et al., includes price/discount level adjustments by the transfer agent system or differences in contract discount rate information maintained by the transfer agent and record keeper according to control number and plan account number as matching criteria, which are sent to the record keeper electronically or by hard copy report. Additionally, instead of allowing a manual match of unmatched account records on the database by either a fund manager or a custodian and storing an historical record of the manual match accessible by either one according to the applicants' claimed invention, Harris et al. simply allows the record keeper to manually adjust account information. See, e.g., Col. 9, lines 19-38; and Col. 16, lines 35-57.

Nor does Josephson cure the deficiencies of Dunn et al., Hawkins et al., and/or Harris et al. On the contrary, instead of a system and method for reconciling fund manager and custodian accounts according to the applicants' claimed invention, Josephson discloses a check processing system that reads the magnetic ink characters, such as account number, ABA routing number, process control or serial number,

auxiliary on-us or serial number, and external process code, that are customarily printed on paper checks and bank deposit slips and matches those elements to an electronic record according to matching rules, including an allowed number of character deviations in the fields, an allowed substitution of characters in the fields, or a pattern or sequence of adjoining records. See, e.g., Col. 4, lines 9-50. Josephson does not teach receiving account records electronically from an internal portfolio tracking system of a fund manager and a custody network of a custodian, comparing the account records based on account number, security identification, units, unit cost, total cost, unit price, and total market value, allowing a manual match of unmatched account records on the database by either the fund manager or the custodian, and storing an historical record of the manual match accessible by either one according to the applicants' claimed invention.

Therefore, Dunn et al., Hawkins et al., Harris et al., and/or Josephson do not disclose, nor even suggest, the required combination of limitations of independent claims 1 and 35 of applicant's claimed method and system for reconciliation of fund manager and custodian account records as amended. The claimed combinations are not taught or suggested by Dunn et al., Hawkins et al., Harris et al., and/or Josephson either separately or in combination with one another. Because the cited references, either alone or in combination, do not teach the limitations of independent claims 1 and 35, the Examiner has failed to establish the required *prima facie* case of unpatentability. See In re Royka, 490 F.2d 981, 985 (C.C.P.A., 1974) (holding that a *prima facie* case of obviousness requires the references to teach all of the limitations of the rejected claim); See also MPEP §2143.03.
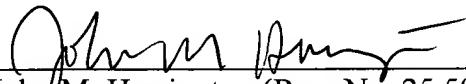
The Examiner has failed to establish the required *prima facie* case of unpatentability for independent claims 1 and 35 and similarly has failed to establish a *prima facie* case of unpatentability for claims 2-4, 8, 10-21, 23, 26, and 30-34 that depend on amended claim 1 and claims 39, 41-43, 46, and 49-51 that depend on amended claim 35 and which recite further specific elements that have no reasonable correspondence with the references.

Conclusion

In view of the foregoing amendment and these remarks, each of the claims remaining in the application is in condition for immediate allowance. Accordingly, the examiner is requested to reconsider and withdraw the rejection and to pass the application to issue. The examiner is respectfully invited to telephone the undersigned at (336) 607-7318 to discuss any questions relating to the application.

Respectfully submitted,

Date: __10/16/03__

John M. Harrington (Reg. No. 25,592)
for George T. Marcou (Reg. No. 33,014)

Kilpatrick Stockton LLP
607 14th Street, NW, Suite 900
Washington, DC 20005
(202) 508-5800

C0464-184988
WINLIB01:1031098.1

14